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RHEFDIA/DIA WASHINGTON DC
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL
RHEHAAA/NSC WASHINGTON DC
RUEHBUL/AMEMBASSY KABUL PRIORITY 0024
RUEHUNV/USMISSION UNVIE VIENNA PRIORITY 0026
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S E C R E T SECTION 01 OF 02 RPO DUBAI 000148

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SUBJECT: IRAN REGIONAL PRESENCE OFFICE - WINDOW ON IRAN - MARCH 31, 2009

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CLASSIFIED BY: Ramin Asgard, Director, Iran Regional Presence Office - Dubai, DOS.

REASON: 1.4 (b), (d)

¶1. [S/NF] Roxana Saberi: Iranian-Americans as Diplomatic Leverage : As IRPO has reported and will report further septel, various spoilers in Iran facing the prospect that improved US-Iran ties will erode their standing within Iran have taken deliberate and well-timed steps to preempt such improved ties. Over the past several months as prospects for improved US-Iran relations have surfaced, various elements of the Iranian security establishment have taken to arresting Iranian-Americans on vague or trumped up charges. Considered Iranian citizens by the IRIG, and traveling to Iran on their Iranian passports as Iranian law forbids Iranians with another nationality from entering Iran on their non-Iranian passport, they are easy prey.

At least in the IRIG's estimation, the international outcry over an arrested Iranian-American will be less strident, making the diplomatic backlash less severe. Finally, given the Iranian population's general ambivalence or even resentment towards exiled Iranians returning to Iran on missions to save the country after spending decades in comfortable exile, the IRIG knows there is likely to be little outcry within Iran on these cases.

¶2. [S/NF] For the IRIG, detained/arrested Iranian-Americans serve four valuable purposes: first, their interrogation and detention affords Iranian security services time to investigate their associations inside Iran, which often leads to other innocent but vulnerable targets, and may also result in intelligence about their foreign links; second, their generally inexplicable treatment puts the brakes on too quick a reconciliation with the international community by both horrifying outside observers and intimidating indigenous pro-engagement and reformist forces; third, the incarceration of innocent but influential Iranian-Americans chills others in similar circumstances from visiting Iran or associating with organizations involved in US-Iran issues; fourth, they serve as useful bargaining chips - primarily via releasing them as a gesture after concessions are wrung from the other side. In some cases, however, they are cynically treated as pure grist for an exchange of cash or valued goods.

¶3. [S/NF] In the case of Roxana Saberi, she has now probably

been detained long enough for the IRIG to check its leads, she has already made the necessary impression internationally and domestically, and her treatment has by now sufficiently chilled Iranian-Americans and others to steer clear of activism in Iran.

So what's left? The IRIG may now seek to use the release of Ms. Saberi, (and perhaps Esha Momeni who is still prohibited from leaving Iran), as a gesture to the US in exchange for or in response to US concessions. Department's close monitoring of the Saberi case is valuable, not only because it will help an innocent and accomplished American rejoin her family, but also as the terms and timing of her release will provide a useful measure of IRIG receptivity to US-Iran engagement.

¶4. [S/NF] Alaei Brothers Able to Receive Family Visits:

According to a friend of the Alaei family, the doctors' mother is able to make "regular," albeit brief, visits to her sons, who are serving their prison sentences in solitary confinement in Tehran's Evin Prison. The mother reports that the brothers are held in separate cells, but are within earshot of each other. Although Arash and Kamiar are not permitted to see or speak with each other, the mother said they reassure each other daily that neither has been moved to a different location by singing loudly in Kurdish.

¶5. [C/NF] AN's Defeated Subsidy Plan May Still Lure Some Voters: A well-established IRPO contact relayed a conversation he recently had in Tehran with several members of the cleaning staff of a large consulting firm, all of whom expressed their intent to support Ahmadinejad in hopes that a second term would allow him to fulfill his plan of giving cash payments to lower-income Iranians. As one of the men explained, because he had already filled out the cash payment eligibility form provided by the government, he believed he now needed to help re-elect AN in order to see the payment plan operationalized.

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Comment: Although the plan to replace many food and fuel subsidies with targeted cash payments was removed from the government's budget earlier this month by the Majles, it appears that AN may yet be able to derive some residual benefit at the polls, particularly from less sophisticated voters who do not follow the policy making process closely. According to domestic news reports, some 95% of households in Iran completed forms to determine their eligibility for the hand-outs.

¶6. [C/NF] Michigan State Interest in Recruiting Iranian Students to Dubai: In a meeting with the Consul General to discuss its Dubai branch, Michigan State University President Lou Anna Simon expressed an interest in recruiting more Iranian students to increase its enrollment there. She said that Michigan State plans to increase enrollment gradually at its new Dubai campus, building on the 50 students currently enrolled. Michigan State officials said their ability to recruit in Iran was limited by legal restrictions and logistics, and asked IRPO officer for further ideas on reaching out to prospective students inside Iran and within the Iranian diaspora. University officials also showed interest in working with IRPO on training for Iranian teachers of English, similar to the IRPO grant given to George Mason's Ras Al Khaimah campus last year. **Comment:** Interest in US higher education remains high among Iranians, but few are able to meet financial requirements or qualify for a visa. Branches of U.S. universities in Dubai and in the region are a reasonable alternative, and we are exploring ways we can cooperate with Michigan State and others U.S. universities.

¶7. [C/NF] No New Interest Rate Policy Until After Election:

Commenting on recent Iranian press reports that the Central Bank

of Iran (CBI) may institute a new policy to tie interest rates to inflation, one UAE-based Iranian economic consultant downplayed the possibility of any change before June's elections. While crediting the CBI for attempting the change, rates have generally been set by Presidential decree under AN, the turmoil of the election season forestalls significant changes in policy or management at the top of the CBI.

Comment: Following the Majles' revisions of AN's budget in early March, a dispute between the CBI and AN on interest rate policy could quickly become another hot button issue in Iranian politics. AN's handling of this issue - deferring it or confronting it head on - will be an indicator of how chastened he was by the budget fight, as well as his political sense.

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